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**By Electronic Posting**

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**Re: Ex Parte Submission in GN Docket No. 09-51**

Dear Ms. Dortch:

On October 1, 2009, Dean A. Manson, Senior Vice President, General Counsel & Secretary, Hughes Communications, Inc. and Hughes Network Systems, LLC (together, "Hughes"), testified as a member of the panel of experts on capital markets during the Commission's Hearing on Capital Formation in the Broadband Sector. As the October 1 hearing was part of a Commission effort to gather information for the development of a National Broadband Plan, Hughes is providing the enclosed copy of the introductory remarks Mr. Manson made at the hearing into the record of GN Docket No. 09-51, the Commission's principal docket for the National Broadband Plan rulemaking proceeding.

Please direct any questions concerning this submission or Mr. Manson's remarks to me.

Respectfully submitted,

Stephen D. Baruch
*Attorney for Hughes Communications, Inc. and Hughes Network Systems, LLC*

Enclosure

Introductory Remarks

Dean A. Manson

FCC Hearing: *Capital Formation in the Broadband Sector*
October 1, 2009

Federal Communications Commission

Washington, D.C.

Commissioner McDowell and Commissioner Baker, on behalf of Hughes, I am pleased to have the opportunity to participate in this important discussion and to share with you some perspectives on how government policies can impact capital formation by broadband providers.

Hughes is the world's leading provider of broadband satellite networks and services, including high speed Internet access to approximately 500,000 households in the United States. The vast majority of these households are located in areas that are not served by other broadband technologies such as cable, fiber or DSL, primarily because the population density in those areas is not sufficient for such technologies to be economically viable. The HughesNet® service is available today to anyone anywhere, and we offer a number of affordable service plan options based on customers' needs.

Throughout the years, we have worked closely with the FCC in attempting to bring broadband access to all Americans, recognizing that truly national broadband coverage cannot exist without satellite systems. A significant portion of the more than 10 million unserved households in this country will never be economically or practically served by terrestrial wired or wireless broadband networks. As noted at Tuesday's open commission meeting, expanding broadband usage throughout the United States via wireless and landline infrastructure would cost as much as $350 billion. At that same meeting, it was estimated that the capital cost of providing wireline service in rural areas is more than eight times that of urban areas, and the transport cost is 25 times that of urban areas. By contrast, with a cost structure that is virtually unchanged regardless of geographic area or population density, clearly, satellite has an important role to play.

Over the past three and a half years, Hughes has been successful in raising significant capital to fund the rapid expansion of our broadband satellite service: over $100 million of equity and $700 million of debt. In each case, our investors or lenders evaluated two key factors. First, the proven strength of our business. And second, the relative stability and predictability of the environment in which we operate.

Capital markets thrive on stability, and government policy should not prejudice or jeopardize access to capital in the broadband marketplace by introducing unnecessary uncertainty and instability. In the satellite industry, the ability to predict the future is perhaps even more important than in some other sectors where buildout occurs more incrementally. The infrastructure cost of a broadband satellite is incurred primarily up front, before any customers are connected. A new broadband satellite costs in the

neighborhood of $400 million to build, launch and insure, and much of that expense is incurred two to three years before the satellite is even launched. This means that in committing to purchase a new satellite, an operator must be able to see many years down the road and predict not only the marketplace and competitive landscape, but also the regulatory environment into which the new satellite will be launched and operated.

Indeed, the regulatory environment maintained by the FCC is one of the most critical components our investors and company management consider in evaluating new capital investment. For example, crucial to a stable regulatory environment is assurance that the radiofrequency spectrum the satellite will use for its Earth-to-space and space-to-Earth transmissions is available for the 15 to 20 year lifetime of the satellite and free from the prospect that other satellite systems or other services will cause harmful interference. As it considers efforts to provide the right amount of spectrum for wireless broadband services and to maximize the efficiency with which all radio services employ the spectrum allocated for their use, the FCC should remain mindful that revisiting well-established spectrum allocations can cause disruptive perturbations in the markets that provide capital financing for satellite projects.

Similarly, when the government incentivizes more rapid adoption of broadband through programs such as the broadband stimulus, it should strive to implement those programs in a way that enhances rather than distorts existing, well-functioning markets.

To suggest a specific example, in the next round of stimulus funding, the government could adopt an approach that enables consumers themselves to select the technology and provider they prefer. The government could, for example, establish a fixed subsidy amount, available to any provider of any qualifying technology who acquires a new customer in a targeted area. Similar to the recent "cash for clunkers" program, this would leave the choice of provider to the customer. Imagine how distasteful cash for clunkers would have been for consumers and car dealers alike if instead the government had said, in this county, only Fords qualify, and only from this particular dealer, and in that county, it's Toyotas from another specified dealer. Not exactly consistent with our well-functioning free market and the positive forces of supply, demand and customer choice that are the bedrock of our American economy.

The alternative of a fixed subsidy along the lines I described would also have the benefit of subsidizing only the actual acquisition of a new subscriber, and would eliminate the risk that taxpayers end up funding the broadband equivalent of a bridge to nowhere.

In conclusion, I come back to the core message: In creating the Broadband Plan, the FCC can encourage capital investment by minimizing the uncertainty and instability that could be introduced by dramatic changes to the fundamental principles underlying our regulatory environment. To have the most positive impact, the government would work with, rather than against, the principles of competitive markets and consumer choice that make our economy so great.